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MARY ROBINSON

## ANYONE CAN BE AN IMPACT INVESTOR
(YES, YOU!)

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## 10 INSPIRING IMMIGRANTS WHO LEAD THE WORLD IN INNOVATION



UN GLOBAL COMPACT
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**Your values define you. But do your money and investments really express who you are? As someone wanting to create positive change with your spending, how do you live up to your principles without compromising performance? Is it possible for your investments to say good things about you, while at the same time doing good things for everyone else? Here's how to start, for all little as $20.**

# HOW TO LEAD WITH YOUR MONEY


**JED EMERSON**, IMPACTASSETS
**FRAN SEEGULL**, US IMPACT INVESTING ALLIANCE
**CHARLY KLEISSNER**, TONIIC
**LIESEL PRITZKER SIMMONS**, BLUE HAVEN INITIATIVE
**DEVIN THORPE**, SOCIAL GOOD CHAMPION
**JAMES ROSEBUSH**, BEST-SELLING AUTHOR
**AMY BENNETT**, IMPACTASSETS
**LINDSAY SMALLING**, SOCAP


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01

## Understanding the Purpose of Capital

We have become separated from capital and are now at its service, as opposed to it serving us. Our relation with capital comes to define our understanding of self, our value relative to others, our happiness and personal satisfaction, our prospects within this society and the future prospects of our children. Our focus on investing as finance alone has taken us down the wrong path — forcing us to choose between doing well and doing good. In reality, our work, lives, communities, and very Planet are all connected. capital and companies. We cannot pretend to separate money from meaning.

02

## Why Aligning Task With Tool Matters

By not pursuing a deeper exploration of the purpose of capital, we leave extra-financial value on the table, missing out on the opportunity to more fully integrate purpose with profit. By focusing primarily upon returns for investors we fall short of our potential to invest capital for the benefit of a broader set of stakeholders —including not only our communities and the environment, but also our own potential to use our capital to realize greater personal development for our selves. We must alter our understanding of the purpose of capital.

03

## The Evolution of Tomorrow's Purposeful Leaders

While some think of leadership as a function of an individual standing out from the crowd and stepping forward, in fact many of today's most effective leaders are those who realize that before one leads one must have an understanding of purpose, meaning and intent — one must have a grounding in where we are before guiding others toward where we need to be. Leaders of tomorrow understand profit and purpose must be pursued simultaneously if we are to attain our true potential.

Jed Emerson / www.purposeofcapital.org

INTRODUCTION

# THE PURPOSE OF MONEY

While we may acknowledge many of the incredible, positive effects finance and capital have had on our world — lifting people out of poverty, bringing electricity (increasingly solar) into previously dark places, and improving housing for a great number of people — the reality is that many of our planet's most critical challenges remain unsolved. Primary health care and secondary education are beyond reach for many. Affordable housing is an issue in both the developed and developing world, and the diverse effects of climate change are making their presence felt. These are not issues that government and non-profits can tackle alone. **While philanthropy and public funding will continue to be important, the reality is that you cannot donate your way out of poverty, or back to a greener planet.** Business has a meaningful role to play in working with other sectors to drive positive change in our world. Whether we're talking about mission-driven for-profits or non-profit social enterprises, the fuel of business is always capital.

So, what is impact investing and why does it matter?

For the past 20 years, a powerful global movement has emerged. Called impact investing, it's changing the world for the better as investors unleash the power of capital for good. Impact investments are investments that generate measurable social and environmental impact as well as financial returns. Impact investing includes a range of financial instruments that share one thing in common: They allow us to "invest with meaning" for real and positive impact in the world around us.

Using market-based solutions to address social and environmental issues, innovative entrepreneurs are tackling the world's most pressing problems, including poverty, education, health and climate change. These transformative efforts translate into investment opportunities across microfinance, renewable energy, sustainable agriculture, basic services, housing, health care, and education .

It's important to know that your definition of impact will differ from the person sitting next to you on a plane or at an event. But that's a good thing! It means you're free to pursue different types of social returns, just like you've always pursued the various returns of traditional financial markets.

**JED EMERSON** IS CHIEF IMPACT STRATEGIST FOR IMPACTASSETS, A NONPROFIT FINANCIAL SERVICES FIRM THAT INCREASES THE FLOW OF CAPITAL TO INVESTMENTS THAT SEEK SOCIAL, ENVIRONMENTAL, AND IMPACT RETURN.

INVESTMENT TIP #1

# YOU CAN BE AN IMPACT INVESTOR — STARTING NOW

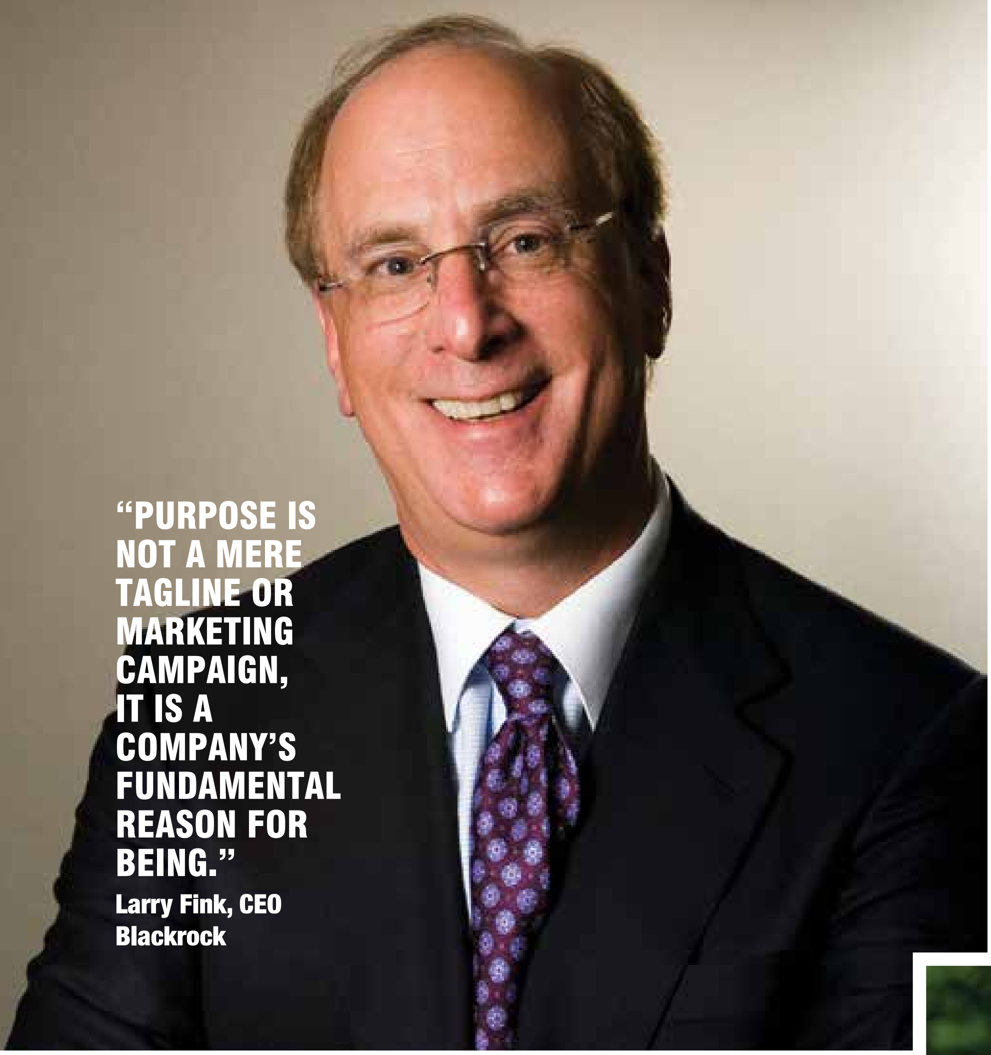
Impact investing is about engaging your heart, mind, and soul; it's about investing as a human being, taking charge of your investment portfolio, and aligning it with your values. Impact investors don't see their investment activities as an intellectual exercise to make money; they see their investment portfolio as an expression of who they really are. **They lead with their heart, with compassion, empathy, and awareness. They lead with the intention of making a positive contribution to humanity and the planet.**

At the start, impact investors can be overwhelmed by jargon, products, and "impact washing." My advice is first to know what you own and then detoxify your portfolio by getting rid of investments that are counter to your beliefs. It's best to do this with a trusted investment advisor who supports your impact journey. If your current advisor doesn't fit the bill, then it's time to change that, too.

As a next step, choose ESG-rated (environmental, social, and governance) products, particularly around your public equity and debt allocations. Explore more profound impact with direct investments through friends in the impact sector or through social venture funds. Don't forget to engage your heart, mind, and soul. **If you only invest with your mind, your impact will be accidental at best, and if you only invest with your heart, you'll likely lose a lot of money.**

And critically, listen to the current framing between what many call market-rate returns and impact as a black-and-white type of trade-off. It's not! Impact investors expect an appropriate financial return for the impact they want and for the impact risk they are willing to take. Ultimately, my most important piece of advice is: Don't wait, start now.

**CHARLY KLEISSNER** IS CO-FOUNDER OF TONIIC, A GLOBAL IMPACT INVESTOR NETWORK AND PLATFORM WHOSE MEMBERS PROMOTE A SUSTAINABLE ECONOMY BY INVESTING IN ENTREPRENEURS, ENTERPRISES, AND FUNDS THAT SEEK TO CHANGE THE WORLD FOR THE BETTER.




INVESTMENT TIP #2

# ENJOY THE JOURNEY

Every day, investors make new commitments to being an impact investor. Joining this movement is invigorating, but it can also be overwhelming. Between the alphabet soup of industry jargon and the media buzz, it can be hard to imagine where you and your values fit.

You don't have to dive in head-first, however, and if you're clear about your objectives, it becomes easier to take those first steps. So, how do you pick the right impact investment?

First, let's define what it is. Impact investing goes by many different names — ESG, SRI, sustainable investing, social investing, the list goes on. The common theme is a focus on both financial returns and impact — i.e., how does this investment make the world better? That impact is the exact reason you're getting involved in the first place.

Next, identify the issues or causes you want to address. Save the rainforest? Build great schools? Empower women and girls? **The key is to define your goals clearly without being so narrow that you have a hard time finding these investment opportunities.**

As a shortcut, consider the United Nations' Sustainable Development Goals (SDGs), which are 17 global goals that provide a "shared blueprint for peace and prosperity for people and the planet, now and into the future." These goals cover everything from "Good Health and Well-Being" to "Clean Water and Sanitation" to "Sustainable Cities and Communities." The investment management industry is now embracing the SDGs as a framework to develop new impact-investing products.

**Take a look at your existing portfolio, and see where you can make a small change — you might find that you're having more of an impact than you knew.** As you get more comfortable with impact investing, you can experiment further, increasing your commitments and branching out into new types of investments. Most importantly, enjoy the journey.

**FRAN SEEGULL** IS EXECUTIVE DIRECTOR OF THE U.S. IMPACT INVESTING ALLIANCE.

**"START BY MAKING A SMALL CHANGE IN YOUR EXISTING PORTFOLIO."**
**Fran Seegull**

INVESTMENT TIP #3

## BE AN INFORMED IMPACT INVESTOR

Impact investing can sound overwhelming. Many assume that every dollar you invest has to change the world. With so many sustainable investing funds around, it can feel like you need weeks of research before taking action.

I've found that a good place to start is to look at what you already own. See what companies are in your portfolio, and spend a little time reading up on their business practices. Do they care about climate change? How do they treat their employees? Have there ever been any controversies? Knowing what you own and making a few, simple decisions based on this knowledge can go a long way in turning a standard investment portfolio into one geared for positive impact.

When you're ready to make an investment, take a good look under the hood before you buy. **Don't just assume that all companies in that ESG index fund live up to your standards.** Explore the companies in those funds and ask some questions. Being an impact investor means being an informed investor.

Starting small is OK. Yes, when we think of impact investing, big world problems like hunger, rising sea levels, and poverty come to mind. But the truth is, those things are big problems for a reason: They're difficult to solve. And with the growing number of funds and investment choices out there, it can be difficult to know where to begin.

**Investing in a company that is solving a problem — even a small one — can be an exciting and rewarding opportunity.** Impact investors shouldn't let "perfect" be the enemy of the good. Find investments that influence something you care about and start from there.

**LIESEL PRITZKER SIMMONS** IS FOUNDER OF THE BLUE HAVEN INITIATIVE.


INVESTMENT TIP #4

## BUILD MULTIPLE INVESTMENTS

Today, there are so many ways to invest money for both a financial return and social impact. **Despite conventional wisdom, anyone can be an impact investor.** With just $20, you can start by visiting the website of Calvert Impact Capital. Investments here are low-risk and pay interest rates a little higher than your bank. Or, just open a savings account at a credit union that makes affordable loans to its members of modest incomes.

If you want excitement in your impact investing, you can visit investment crowdfunding sites like WeFunder.com, Republic.co, and CrowdfundMainstreet.com to **look for startups that are doing work that aligns with your values and expectation of what type of company creates a positive impact in the world.**

Minimum investments vary, but some are as low as $50 — however, these investments are not low risk. Invest only what you can afford to lose. Wealthy investors learn fast to diversify their investments and create a portfolio of varying risk and return profiles. They just put a small portion of their investmenst into risky ventures such as startups. Even within their allocations to risk, they build portfolios of multiple investments. So, when you're building your impact portfolio — especially when you're investing on crowdfunding sites — make lots of small investments over time rather than one that feels big. In other words, make 20 investments of $50 rather than one investment of $1,000.

**Some investments are bound to fail. Most startup investors find that a few successful investments make up for the loss on others.** If crowdfund investing sounds too scary, stick with conservative impact investments and sleep well, knowing that your money is safe and creating good in the world.

**DEVIN THORPE** IS A CHAMPION OF SOCIAL GOOD, AN AUTHOR, EDUCATOR, AND SPEAKER.

**"MAKE 20 INVESTMENTS OF $50 RATHER THAN ONE INVESTMENT OF $1,000."**

PERSONAL JOURNEY

# HOW A KIDNAPPING ATTEMPT LED TO THE FIRST SOCIAL IMPACT OFFICE IN THE WHITE HOUSE

On a hot and muggy July afternoon, just as I was just settling into work at my first job in the foundation world, I was shaken by the sound of machine gun fire blasting through the front door of our office. Like the rest of my startled colleagues, I grabbed my phone and dove under a desk. It was the only thing I could think to do. Although Detroit, Washington DC, and LA were burning, and race riots were dominating the news, no one expected our quiet Midwestern city to be the subject of extreme violence.

The target that day was not any of us on the staff. It was a kidnapping attempt for ransom, and the target was our CEO, the eldest son of the founder of General Motors. As a preventative measure, he escaped into a room-sized safe, and, after several hours, a swat team led the staff down the fire escape and released us unharmed. Although the terrorists were arrested and did not get their target, it was a day that changed everything for the office, the targeted official, and for me. It ushered me into the age of impact in its earliest stages, and ultimately led to me being asked, years later, to start and manage the first White House office on social impact investing and philanthropy.

**Our CEO, the target of the kidnappers, approached me a few weeks after the incident with a request. I had noticed a change in his demeanor.** His calm personality had become more lively, enthusiastic, and I sensed he had even gained a higher purpose. He asked me to begin a strategic planning process for the organization that focused on measuring the impact we were having. This was the beginning. We started to assess the social and community impact of our investments using detailed demographic assessment data. It super-charged the organization and gave me a focus for my professional life.

Today, we are driving at light speed toward human progress. Impact has become the standard bearer and rallying cry of the future, and within a decade, will be commonplace rather than the exception. This phenomenon I call the New Age of Enlightenment because of its potential for significant human progress – surpassing the first, the 18th century period of progress.

**Although we don't know how much money is being allocated to impact investing today, we do know that it's rising quickly and will appear as an avalanche of capital-seeking products and strategies within this decade.** New investment structures like Green Bonds, Enterprise Zones, Cryptocurrency economic aid to developing nations, side-by-side philanthropic and investment co-ventures, and more are all underway. There are hundreds of social-impact incubators at work, turning out new solutions to virtually every problem we know. The main shared feature of all these new strategies is urgency. Patience with failing education, healthcare solutions, and environmental degradation is at an end. There is a drive of human capital, AI, and tech pouncing on virtually every problem we face.

**Investors are actively pursuing solutions to clean fuels and water, saving the oceans, advancing nutrition and health, and many other worthy causes.** This is the private sector at work and at its best. Letting market forces drive improvements in health care, personal safety, and the reduction in carbon footprints may be one way that sustainability could have the most lasting and significant effect. Some restless investors have also spawned the rise of impatient capital being put to use in these directions through political and corporate activism.

The creative genius Peter Diamandis, along with co-author Steven Kotler, wrote in their 2012 groundbreaking book Abundance, "Humanity is now entering a period of radical transformation in which technology has the potential to significantly raise the basic standards of living for every man, woman, and child on the planet. Abundance for all is actually within our grasp."

**What this means is that if abundance is within our grasp, then by strategically working backward we can know the obstacles to reaching it.** We can begin to create the solutions to surmount them. As the development of policy shifts to the private sector, we must integrate industry, innovation, philanthropy, and the social sciences to work as partners, or we will never reach what Diamandis, the X-Prize Founder, has laid out as our goal. We are talking fetterless opportunity and solutions beyond our present imagination. Only fear, political constraint, or lack of dreaming can eclipse this New Age of Enlightenment.

**JAMES ROSEBUSH** IS A BEST-SELLING AUTHOR, SPEAKER, AND CEO OF GROWTHSTRATEGY, A CORPORATE ADVISORY FIRM. HE IS THE MANAGER OF THE REAGAN WHITE HOUSE OFFICE ON IMPACT AND HAS A PERSONAL PASSION FOR COACHING EXECUTIVES TO SPEAK LIKE RONALD REAGAN. HE HAS ALSO ENJOYED UNIQUE ACCESS TO QUEEN ELIZABETH II, FROM WHICH HE HAS LEARNED MUCH ABOUT LEADERSHIP.

CASE STUDY

# THE POWER OF ART, DESIGN, CULTURE, HERITAGE, AND CREATIVITY

A robot that prints art on fingernails? It was by far the buzziest of the buzzy entries at a social business plan competition in the summer of 2017. Its developer, Preemadonna, is a technology company "that builds smart products to power creative platforms and inspire self-expression." Its first product, The Nailbot, laser prints art, emojis, pictures and designs directly onto fingernails from a person's phone in less than five seconds. By purchasing the device, entrepreneurs can sell unique and intricate swipes to friends, family, and anyone else with nail-art flair. More importantly, it inspires the ambitions of women and girls from a young age.

**"What really grabbed me was the focus on empowering girls to be creative,"** says Laura Callanan, a competition judge and founder of Upstart Co-Lab, an impact investment initiative focused on growing and strengthening the creative economy as a catalyst for global change.

In 2018, Upstart partnered with Spanx inventor/microloan advocate Sara Blakely to source and screen early stage investment opportunities that backed female entrepreneurs in the creative economy. Preemadonna was their first company.

"What makes Preemadonna so interesting is they are looking to build a life-long community of engaged, empowered, creative women. Nail art for pre-teen girls is just the start," Callanan adds.

Since 2016, Upstart has explored how the creative economy in the United States, now valued at $763 billion, can be more inclusive, equitable, and sustainable overall.

Callanan points to British author John Howkins, who in 2001 coined the term **"creative economy" as a new way of thinking and doing that revitalizes manufacturing, services, retailing, and entertainment industries with a focus on individual talent or skill, and art, culture, design, and innovation.** It's a key to stabilizing threatened communities, in particular, and ensuring their affordability and sustainability regardless of geographic location.

"Today, creative economy definitions are typically tied to efforts to measure economic activity in a specific geography," she explains. "A relevant set of art, culture, design, and innovation industries is determined, and the economic contribution of those industries is assessed within a region. A unique set of industries defines each local creative economy reflecting the culture, traditions, and heritage of that place."

Upstart Co-Lad research finds that 24 percent of B Corporations in the United States are in the creative economy, and, anecdotally, that many entrepreneurs in the creative economy gravitate toward a social purpose business as opposed to a conventional business.

**"IN THE U.S., MUSEUMS, PERFORMING ARTS CENTERS, AND OTHER INSTITUTIONS CONNECTED TO ART, DESIGN, CULTURE, HERITAGE, AND CREATIVITY HAVE MORE THAN $58 BILLION IN ASSETS UNDER MANAGEMENT."**

For that reason — and contrary to conventional wisdom — Upstart found impact investing opportunities in the creative economy are not only available, but numerous, although it's largely a case of "hiding in plain sight."

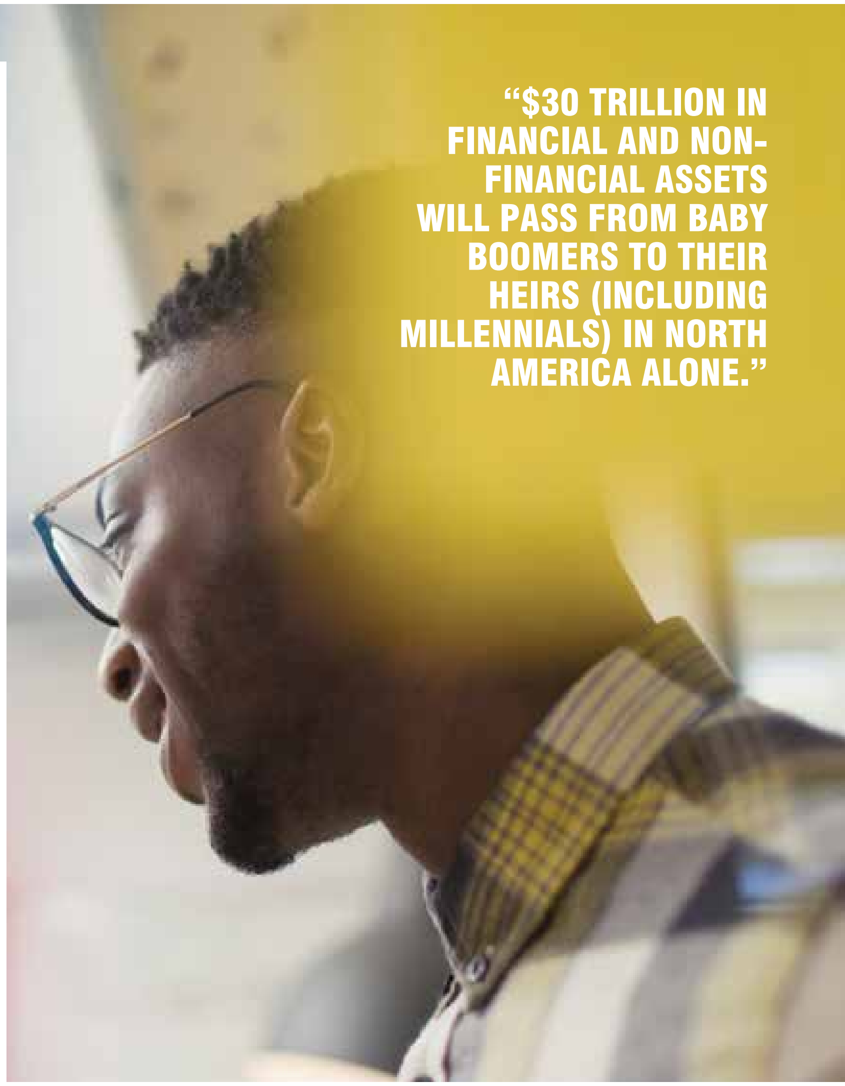
Indeed, Upstart Co-Lab identified more than 100 funds, representing an estimated $60 billion AUM that have been active in the creative economy. Yet, a lack of visibility and intention means "that when investors ask their wealth advisors for opportunities to invest for impact in the creative economy, they are told the opportunities don't exist. This simply is not true."

"In the United States, museums, performing arts centers, and other institutions connected to art, design, culture, heritage, and creativity have more than $58 billion in assets under management but have been sitting on the sidelines of impact investing," Callanan concludes. "The creative economy can be the door to welcome these institutions into a larger conversation about aligning their financial assets with their missions and values."

**AMY BENNETT** IS THE DIRECTOR OF MARKETING FOR IMPACT ASSETS, WHERE SHE DEVELOPS CREATIVE STORIES THAT ILLUMINATE THE NEEDS OF INVESTORS.

MILLENNIAL PERSPECTIVE

# A GENERATION OF INVESTORS DEMANDING PROFIT WITH PURPOSE



**"$30 TRILLION IN FINANCIAL AND NON-FINANCIAL ASSETS WILL PASS FROM BABY BOOMERS TO THEIR HEIRS (INCLUDING MILLENNIALS) IN NORTH AMERICA ALONE."**

With every generation, attitudes shift and trends emerge that define an era. As the Millennial generation comes into adulthood, countless researchers and journalists have expounded on the behaviors and attitudes of this "Next Generation."

There is overall consensus that global events and rapidly changing technology have combined to create a perspective among Millennials that is unlike that of their parents or grandparents, and which favors a different approach to investing, purchasing, and employment.

Millennials are demanding more integration of their money and values by seeking personal fulfillment in their careers, applying a global consciousness to their purchases, and investing in sustainable, impactful business models. Nowhere is this more evident than in financial markets, where the Millennial perspective is already influencing how assets are put to work.

**They may be the first generation to recognize that all investing is impact investing.**

"NextGens are saying we need to look at opportunities, investing rather than divesting," said Philippe Cousteau, president and co-founder of EarthEcho International. "This is a positive opportunity. It is an empowered mind set."

In the United States, for example, there are approximately 80 million NextGen, Generation Y, and Millennials born between 1980 and 2000. Millennials are the largest generation in American history, with approximately 20 million more people than the Baby Boomer generation. While other generations were forced to adapt, Millennials have always known rapid globalization and technological innovation. **Millennials are the first generation therefore to be "truly global," sharing experiences across cultures and geography, connected by technology more than any generation before them.**

Consider the major events that occurred in their relatively short lives: Millennials have experienced major boom and bust periods, including the prosperity of the 1990s dot-com frenzy and the financial market's collapse in 2008.

On the other hand, they are the children of the Baby Boomers. Many stereotypes of this next generation paint them as having been insulated from the world: coddled, celebrated, and awarded trophies simply for participating. At the same time, technological advances and the proliferation of mobile and social media have provided them with unprecedented access to information and networks.

It all adds up to a generation that is confidently self-directed, but also seeks out expertise from a variety of sources. Here's why: A tremendous shift of financial and generational influence is on the horizon. It's estimated that over the next several decades, $30 trillion in financial and non-financial assets will pass from Baby Boomers to their heirs (including Millennials) in North America alone. They'll look to understand the financial consequences of how they invest, but also the social and environmental implications of how their assets are deployed in the world. Articles and white papers have noted that Millennials consider social responsibility to be a major factor in evaluating investments — far more than previous generations — and have a keen interest in impact investing.

**"I'm not willing to invest my financial resources in ways that create problems for us to solve down the road," says Millennial investor Courtney Hull. "It just doesn't make sense."**

These unique attitudes and investment preferences of Millennials are not a fad, nor are they indicative of an immature approach to investing; they are the logical and ingrained response to the global environment in which they came of age. With uncertainty and isolationism feeding fears in the United States and globally, fresh views to solve problems are needed more than ever. Fortunately, many Millennials are already bringing creative and impactful solutions through work and play. As they earn and inherit wealth, demand for socially responsible impact investing will continue its rapid growth. This next generation realizes that social, environmental, and financial outcomes are inextricably linked in an increasingly globalized world.

**LINDSAY SMALLING** IS THE CEO OF SOCIAL CAPITAL MARKETS (SOCAP), A COMPANY BUILDING MARKETS AT THE INTERSECTION OF MONEY AND MEANING BY CONVENING THE WORLD'S LARGEST NETWORK OF IMPACT ENTREPRENEURS, INVESTORS, AND CROSS-SECTOR LEADERS.